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UNCLAS SECTION 01 OF 03 SHENYANG 000010

SENSITIVE
SIPDIS

DEPARTMENT FOR EAP/CM, INR

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TAGS: [CH](#) [EINT](#) [PGOV](#) [PHUM](#) [SOCI](#) [TINT](#)
SUBJECT: INTERNET FREEDOM IN CHINA:BIG BROTHER HAS RETURNED
TO LIAONING

REF: A. 03 SHENYANG 00626
[1](#)B. BEIJING 183

[1](#)1. (SBU) SUMMARY. New regulations have been put in place requiring strict identification of internet users and the installation of software allowing real-time monitoring of internet users and remote control of computers in all internet cafes in Liaoning Province. In order to implement these regulations, Liaoning has become the first province to successfully bring nearly all net cafes into a franchise system in which four state-owned companies now control 80 percent of the total number of cafes. The increased monitoring and lack of a legal framework to protect personal information means that cafe patrons -- generally younger men, rural residents, and less wealthy netizens -- have less privacy than ever. No details are available, but punishment of the cafe owners and any users who violate the regulations is to be carried out by the Public Security Bureau. Local site visits suggest that cafe workers are largely unaware of the franchising trend but that the new identification and software systems are strictly in use. PolOff and local Amcits were refused access because they have no national ID card. Officials in Guangdong have reportedly expressed interest in the Liaoning model, which the central government has praised.
END SUMMARY

How it works

[1](#)2. (SBU) According to regulations implemented over the past year or so, internet cafes in Liaoning are now required to install systems to allow: 1) rigorous verification of personal identities; 2) real-time monitoring ("Farsighted Eyes" software) of internet activity; 3) remote control of computers (the "Liaoning Web Culture Monitoring Platform"); and the blocking of pornography and gambling websites. The system is set up so that when a user enters a cafe, their ID card is placed in a card-reader and a picture of the ID and information about the individual appears on a cafe worker's computer screen, allowing easy verification of the user's identity. Internet usage is monitored at near real-time by the local Cultural Administration Department. According to a report on China Central Television (CCTV), the local Cultural Administration authorities also monitor images from cameras that are placed around the cafe. The images are refreshed every ten to fifteen minutes, so if the authorities see anyone suspicious, they can activate a camera embedded in that person's computer screen to further verify the user's identity. The authorities can also cut the internet connection. Users who log onto illegal websites are flagged and can be monitored real-time. Violations can also be reported via a new "12318" hotline. If the Cultural Administration authorities become aware of a violation, the cafe is ordered to take action. If no action is taken or

further action is necessary, the Public Security Bureau (PSB) is called. Local PSB contacts verified they are responsible for punishing both cafe staff and individual users but did not elaborate as to the nature of the punishment or the frequency of violations.

If at First You Don't Succeed...

13. (SBU) With these new rules in place, the provincial government has sought to bring uniformity to internet cafes to ensure better policy implementation. In late 2009, the Liaoning Bureau of Cultural Affairs, the Propaganda Department of the Liaoning Party Committee, and the Liaoning Business Administration Bureau called for independent internet cafes to join franchises and banned the issuance of new licenses to independent internet cafes. As an incentive, internet-service providers were required to reduce internet usage costs for all such chains by 30 percent; China Unicom, China Net, and China Mobile were required to provide chains with value-added services; and all chained cafes were given licenses to sell audio and video products as well as food and beverages. According to press reports, the call for internet franchising has been a success. The number of internet cafes fell from 8,094 at the end of 2008 to 7,413 cafes at the end of 2009. At the same time, the percent of cafes under a franchise agreement grew from less than 10 percent to more than 99 percent. There are now eight franchising companies, of which four state-owned companies control 80 percent of the province's internet cafes. Although our efforts to meet with the Liaoning Bureau of Cultural Affairs have so far been unsuccessful, the press reported that the central government's opinion that "Liaoning's experience in

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franchising of Internet cafes is worth summarizing and promoting." Wang Yequn, Vice Inspector of Guangdong Bureau of Culture, has also said he is interested in replicating Liaoning's model.

14. (SBU) Liaoning's apparent success at franchising its internet cafes follows repeated attempts at national and provincial levels to implement franchising policies. The Ministry of Culture's first attempt to link internet cafes in 2003, with its "Notice to Enhance Administration of Chains of Internet Services," failed to have any real effect. In 2006, however, the ministry issued its "Plan to Upgrade Digital Content Amongst Internet Cafes." The 2006 plan bears a strong resemblance to Liaoning's current plan. Initially implemented in Beijing and aimed at making franchises more competitive with independent internet cafes, it gave chains access to lower prices from hardware and software producers and hardware wholesalers. It too failed, however, and in 2006, China Unicom and Tie Tong, two state-owned enterprises, were forced to close thousands of cafes they had franchised. Independent cafes remained more profitable than chains due to their greater ability to ignore rules regulating internet cafes originally set forth by the Ministry of Culture in "Regulations on the Administration of Business Sites of Internet Access Services" in 2002 (REF A).

We Hear the Cries of the Parents

15. (SBU) According to an announcement from the Liaoning Bureau of Cultural Affairs in September, the leading factor in driving efforts to exert greater control over internet cafes was the demand by parents seeking to improve the moral values of their children. The announcement said it had four primary objectives to improve the moral standing of Chinese youth. First, the remote control of computers ensures that cafes can be closed at midnight and that internet connections can be cut if anyone flouts the regulation. Second, the standardized identification systems ensure that the authorities know the person using the internet and that the given identity is real. Third, the anti-pornography and anti-gambling software ensures that users are not being corrupted. Finally, the real-time monitoring ensures that if

a user is looking for or at something that is "unhealthy," officials can be made aware of this and appropriate action can be taken.

Propaganda vs. Reality

16. (SBU) In a report released by the Liaoning Bureau of Cultural Affairs from "Liaoning Province Convenes the Internet Cafe Special Administration and Promotion of Franchising Integration Meeting," Bureau of Cultural Affairs chief Guo Xingwen stressed the need for increased publicity and propaganda to create positive public opinion towards the new regulations. As a result, reports on both Xinhua News and CCTV have hailed the program a success. Our visits to local internet cafes and discussions with contacts suggest that while the reality is not quite as reported, anonymous and unmonitored web usage in Shenyang's internet cafes is disappearing. PolOff and two locally employed staff (LES) visited several internet cafes and were required to show identification at each cafe visited. Because PolOff's Foreign Affairs Office (FAO) ID card did not register with the scanners, however, he was unable to use a terminal. In response to a query from PolOff, one clerk said she was unaware of the move towards franchising. When asked about closing times, the same clerk stated her cafe was open 24 hours a day, suggesting it was an independent cafe and that strict enforcement had not yet taken root. (NOTE: In a sneak preview of what may be a better test of policy implementation over the next year, the clerk smoked a cigarette despite a large no-smoking sign facing her desk and a recent announcement that Liaoning is one of five selected trial provinces to implement bans on smoking in public places. END NOTE) An Amcit guest at ConGen Shenyang's "watch party" for the Secretary's Speech on Internet Freedom reported being turned away from three cafes but paying a small bribe to get into a fourth (REF B). A few days later, the same Amcit reported being turned away again from multiple other cafes and being told at one cafe that it was for "Chinese only."

17. (SBU) Consulate LES reported they had to show ID cards in every cafe they approached, even those where they were previously not required to do so. Our staff also confirmed that the "Farsighted Eyes" real-time monitoring software and

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"Liaoning Web Culture Monitoring Platform" were in place at all the cafes visited. However, none of the cafe staff could tell us the origin or the cost of the software. A representative of Liaoning Green Cloud, Ltd., one of the eight franchise companies, responding to queries from our LES, said it costs RMB 80,000 for an individual cafe to purchase the ID-verification system, the monitoring software, and the anti-pornography and anti-gambling software. For an additional fee, his company could also arrange business and fire-department licenses. Alternatively, licenses could be purchased directly from the local Cultural Administration Department. One of our LES investigators reported that the cafe staff members were noticeably uncomfortable when asked about the new software. Efforts to access the properties of "Liaoning Web Culture Monitoring Platform" were unsuccessful, as access requires authorization and a password.

18. (SBU) One LES contact who owns an independent internet cafe said his good personal relationship ('guanxi') with the Bureau of Cultural Affairs and internet service providers has resulted in prices that are competitive with those of the dominant franchisees, thus enabling him to remain independent. With the ban on licenses to new independent cafes, difficulties in transferring existing licenses, and dissolution of licenses upon the owner's death, our contact said the independents will soon disappear. While refusing to divulge the cost of the software, the contact said it must be installed in all cafes and that it is already in use in his cafe. He concluded that, with these systems in place, the Bureau of Cultural Affairs now has the ability to monitor the activity of every internet cafe user in Liaoning Province.

Who's Affected?

19. (SBU) Estimates of how many Liaoning residents rely on internet cafes for their primary access to the web remain difficult to pinpoint. However, the number likely surpasses two million. The director of the state-owned Northeast Network, once the home page of all provincial internet cafe computers, suggested that there were now 7.1 million internet users in Liaoning, with perhaps a third of those relying on cafes. (If one applies the national average for internet usage -- about 28 percent of the population or 360 million people -- the actual count could be closer to 12 million users in Liaoning and proportionally higher number relying on cafes.) The director suggested the majority of those using cafes were younger, less affluent males in urban centers and smaller cities or rural residents lacking home access. The cafes visited by Congenoffs were all one-half to three-quarters full late in the morning. The users were primarily males in their late teens to mid-twenties. Primary activities included gaming, chatting, and surfing. Some student guests at the "watch party" said they occasionally use cafes even though they have internet access at home and at school. They did not appear to be aware of the new monitoring capabilities, though many were aware of new identification systems and said that it was no longer possible to be anonymous in internet cafes (REF B).

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